Revival of Co-operative Banking Sector

1988. SHRI V. HANUMANTHARAO: Will the Minister of FINANCE be pleased to state:

(a) whether a Task Force has been set up by Government to study ways and means to revive the Co-operative Banking sector;

(b) if so, whether it is a fact that high transaction costs affect the Co-operative sector;

(c) whether Government have asked the National Co-operative development Corporation to assist in formulating practices and a management change to reduce the high transaction costs in the Co-operative Banking sector; and

(d) if so, the full details of steps proposed to encourage the Co-operative Banking sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Government has constituted a Task Force under the chairmanship of Prof. A. Vaidyariathan to suggest an implementable action plan to revitalize the Rural Co-operative Credit Structure and to recommend an appropriate regulatory framework.

(b) High transaction and risk cost arising out of delinquencies generally affect the profitability of Co-operative sector.

(c) and (d) Information is being collected and will be laid on the Table of the House.

Warning to Urban Co-operative Banks by RBI

1989. SHRI V. HANUMANTHARAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI in Hyderabad has issued a warning signal to some Urban Cooperative Banks in Andhra Pradesh;

(b) if so, in what areas of functioning and management does the RBI find a serious lapse in the Urban Co-operative Banks of Andhra Pradesh;

(c) whether it is also a fact that the UCBs in Andhra Pradesh have too much staff and their salaries are a major cost to the UCBs;